

The Taxation and Revenue Department (TRD) fell short of its FY20 collection targets and targets for delinquency tax collection, but made improvements in Motor Vehicle Division (MVD) call center and office wait times, as well as in resolving tax protest cases. Improvements in MVD processes and an increased focus on training and customer services led to improvements in performance.

The agency’s overall vacancy rate fell from 27 percent to 20 percent during FY20, although a statewide hiring freeze will make it difficult to further reduce vacancies. The Property Tax Division had the highest vacancy rate at the end of FY20, at approximately 32 percent.

During FY20, TRD continued to implement changes to its information technology (IT) as required by 2019 legislation authorizing numerous tax code changes. For FY21, the agency received \$8.4 million for enhancements to its combined reporting in GenTax, its tax administration software system, including required tax changes.

Due to the COVID-19 public health emergency, TRD district offices and MVD offices are open by appointment only, with a majority of the department’s workforce working remotely. TRD has modified its enforcement efforts through the end of August, with no new liens and levies, and extensions to payment plans and audit deadlines.

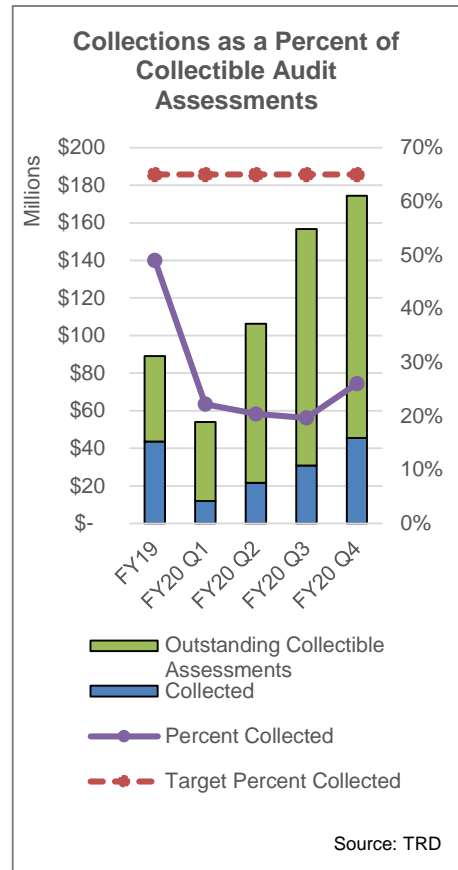
**Tax Administration**

The Tax Administration Program fell short of collections targets in FY20. At the end of the fiscal year, the program had collected 19 percent of total outstanding balances of \$723.7, similar to prior years’ performance and slightly short of a target of 23 percent. The program had collected 26 percent \$174.4 million of outstanding collectible audit assessments, falling short of its goal of maintaining collections at 65 percent. TRD indicates that a high volume of audits initiated in the prior fiscal year made maintaining collection levels challenging. The performance measure was modified in House Bill 2 in the 2020 legislative session to reflect what TRD believes is a more feasible timeline to collect outstanding assessments. The existing measure includes a 90-day protest period, during which collection actions are not taken. The new measure will be effective in FY21.

The Audit and Compliance Division (ACD) began using a new data analytics tool to identify the most collectible audit assessments, and also implemented software that includes credit card processing and payment plan functionality. For FY21, ACD plans to implement enhancements to its collection manager tool as part of the GenTax upgrade. Given ongoing challenges with meeting collectible targets, ACD could benefit from a detailed improvement action plan.

**ACTION PLAN**

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No



As of April 2020, the amount of taxes under protest related to open cases was approximately \$569 million.

Budget: \$32,211 FTE: 495.8

	FY18 Actual	FY19 Actual	FY20 Target	FY20 Actual	Rating
Collections as a percent of collectible outstanding balances from the end of the prior fiscal year	17%	19%	23%	19%	Y
Collections as a percent of collectible audit assessments generated in the current fiscal year plus assessments generated in the last quarter of the prior fiscal year	50%	49%	65%	26%	R
Electronically filed personal income tax and combined reporting system returns*	87%	Not reported	N/A	90%	G
<b>Program Rating</b>	<b>Y</b>	<b>Y</b>			<b>Y</b>

\*Measure is classified as explanatory and does not have a target.

### Motor Vehicle Division

#### REAL ID Deadline Extended

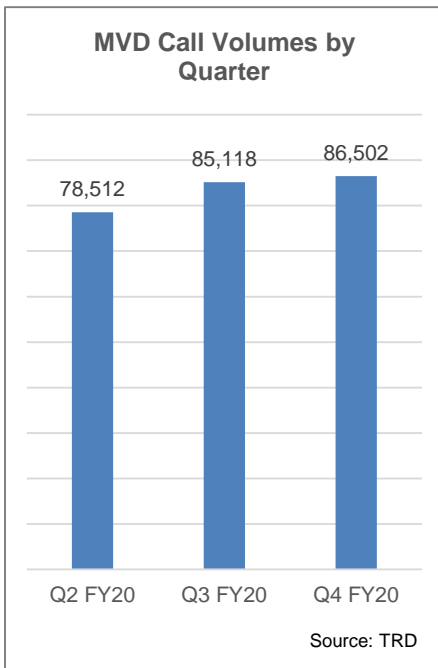
Due to the COVID-19 public health emergency, the Department of Homeland Security extended the deadline for REAL ID enforcement to October 21, 2021, after which a REAL-ID compliant license will be required for domestic air travel and entry to federal buildings. Approximately 70 percent of New Mexico licenses are REAL ID compliant.

The average wait time in MVD offices in FY20 was 16:29, slightly above the target wait time of 15 minutes. However, no data was reported for the fourth quarter of FY20, a period in which MVD offices were open by appointment only. MVD has made progress in decreasing wait times, and implemented a queuing system in FY20 that streamlined customer processing. The agency also focused improvement efforts on offices with high customer volumes.

While offices are operating on an appointment-only basis, MVD is not emphasizing processing times, and is focusing on maintaining social distancing and proper hygiene practices. Offices are operating with 50 percent of staff in-office, while the other 50 percent telework. Limited capacity may be making it difficult for New Mexicans to secure appointments for in-person transactions. For example, for a driver’s license appointment, the Santa Fe MVD office did not have any available appointments on its website, while the soonest available appointment at the Santa Fe MVD Express was on November 20. It is not clear whether transaction volume from the MVD has shifted to MVD Express offices.

The average MVD call center wait time was 10 minutes in FY20, above the target wait time of 4 minutes. However, the average wait time in the fourth quarter was just under 4 minutes. MVD has seen an increase in calls due to office closures, with call volumes increasing approximately 10 percent between the second and fourth quarters. MVD is implementing a new phone system that will allow customers to complete some basic transactions through an automated system, without needing to speak with an agent, and will also allow more calls to be placed on hold, which could increase average wait times, but will ensure that more customers are able to connect to an agent.

The share of registered vehicles with liability was slightly below the target of 93 percent. MVD continues to face challenges in addressing late and erroneous reporting by insurance companies. In coordination with the Office of the Superintendent of Insurance, MVD should develop a clear action plan with target completion dates to remedy this ongoing issue.



Budget: \$30,586 FTE: 338

	FY18 Actual	FY19 Actual	FY20 Target	FY20 Actual	Rating
Registered vehicles with liability insurance	90%	90%	93%	91%	Y
Average wait time in “q-matic” equipped offices, in minutes	20:45	16:01	<15:00	16:29	Y
Average call center wait time to reach an agent, in minutes	3:55	14:09	<4:00	10:00	R
<b>Program Rating</b>	<b>Y</b>	<b>Y</b>			<b>Y</b>

**Property Tax**

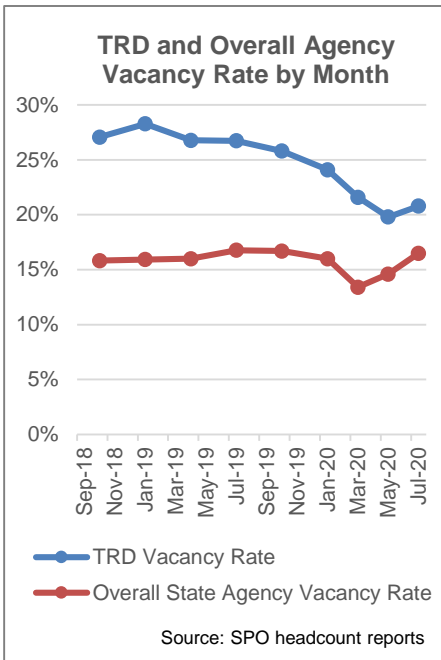
The Property Tax Program collected and distributed a total of \$10.4 million in delinquent property tax to counties in FY20, below its \$13 million target, and collected 16.8 percent of total delinquent property taxes, slightly below its 18 percent target. Public sales of delinquent property did not take place in the fourth quarter of FY20, due to the COVID-19 public health emergency, adversely impacting the amount the delinquent property taxes the department was able to collect. TRD is working on a procedure to hold tax sales remotely.

Budget: \$4,281 FTE: 41

	FY18 Actual	FY19 Actual	FY20 Target	FY20 Actual	Rating
Delinquent property tax collected and distributed to counties, in millions	\$14.6	\$12.9	\$13	\$10.4	Y
Percent of total delinquent property taxes recovered	22.4%	21.2%	18%	16.8%	Y
<b>Program Rating</b>	<b>G</b>	<b>G</b>			<b>Y</b>

**Compliance Enforcement**

The agency met its FY20 target for referral of GRT, PIT, and CIT tax investigations to prosecutors. During the fiscal year, TRD referred 114 percent of investigations to prosecutors. The number of tax investigations opened annually is small, causing this measure to fluctuate significantly between quarters and years, at times going above 100 percent. During FY20, seven cases were opened and eight were referred to the court system. Due to COVID-19, the department is not conducting field audits.



Budget: \$1,613 FTE: 21

	FY18 Actual	FY19 Actual	FY20 Target	FY20 Actual	Rating
Tax investigations referred to prosecutors as a percent of total investigations assigned during the year	113%	61%	85%	114%	G
<b>Program Rating</b>	<b>G</b>	<b>R</b>			<b>G</b>

**Program Support**

The department exceeded its performance target in FY20 for the number of tax protest cases resolved, resolving 1,744 cases. The department also met its target for implementing internal audit recommendations, with 95 percent of recommendations implemented. However, the Internal Audit Division shifted its focus in FY20 to documenting procedures for all of TRD, and is counting completed internal controls as part of the measure on implementation of internal audit recommendations. These efforts, while important, do not directly address the performance measure, and should not be counted towards this measure.

Budget: \$20,925 FTE: 182

	FY18 Actual	FY19 Actual	FY20 Target	FY20 Actual	Rating
Tax protest cases resolved	1,315	1,003	1,550	1,744	G
Internal audit recommendations implemented	94%	61%	92%	95%	Y
<b>Program Rating</b>	<b>G</b>	<b>R</b>			<b>Y</b>